

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
MAY 9, 2008

The Members of the Department of Financial Institutions met at 10:15 a.m., EDT, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were Judith G. Ripley, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Depository Division and Assistant Secretary; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Connie Gustafson, Assistant Legal Counsel; Kirk Schreiber, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Supervisor, Consumer Credit Division; Randall L. Rowe, Bank Supervisor; Janelle Tierney, Field Examiner and Ronda Bailey, Executive Assistant. Guests were: Lisa Williams, President of Pinnacle Credit Union and Kevin Turnbow, President of Peoples and Employees Federal Credit Union.

I. EXECUTIVE SESSION: 9:45 a.m.

- A. James Cooper presented to the Members a review of reports of examination which is confidential pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(7).

II. PUBLIC SESSION: 10:15 a.m.

- A. Members Present: Richard J. Rice, Chairman, Mark A. Schroeder, Vice Chairman; Michael W. Davis, Donald E. Goetz, Paul R. Sweeney and Judith G. Ripley, Director.
- B. Approval of the minutes of the meeting held April 10, 2008. Chairman Rice entertained a motion to approve the minutes for April 10, 2008 meeting. Mr. Goetz moved approval of the minutes; Mr. Sweeney seconded the motion, thereby passing unanimously.
- C. Date of next meeting: June 12, 2008 @ 10:00 a.m., EDT at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.

D. DIVISION OF BANK AND TRUST COMPANIES:

1. First Financial Service Corporation, Elizabethtown, Hardin County, Kentucky

Mr. Kirk J. Schreiber, Senior Bank Analyst presented this application. Mr. Schreiber informed the Members that First Financial Service Corporation, Elizabethtown, Kentucky ("First Financial") filed an application to acquire 100% of FSB Bancshares, Inc., Lanesville, Indiana ("FSB") and thereby acquire its subsidiary bank, The Farmers State Bank, Lanesville, Indiana pursuant to IC 28-2-16.

First Financial, FSB and FSB Acquisition, Inc. Lanesville, Indiana ("Merger Subsidiary") entered into an Agreement and Plan of Merger ("Agreement") dated March 19, 2008.

Merger Subsidiary is a wholly owned subsidiary of First Financial and was formed for the sole purpose of effecting the merger of Merger Subsidiary with and into FSB. Immediately thereafter, FSB will merge with and into First Financial. After the holding company merger First Financial's lead bank subsidiary First Federal Savings Bank of Elizabethtown, Elizabethtown, Kentucky and The Farmers State Bank will merge with First Federal Savings Bank of Elizabethtown as the survivor.

Mr. Schreiber informed the Members that it was the opinion of the Department staff that all the statutory requirements of IC 28-2-16-17 had been satisfactorily met and approval was recommended.

A motion for approval of the application was made by Mr. Davis and seconded by Director Ripley. The application was unanimously approved.

E. CREDIT UNION DIVISION:

1. Pinnacle Credit Union, Fort Wayne, Allen County, Indiana

This application was presented by Mark K. Powell, Supervisor, Credit Union Division. Pinnacle Credit Union (PCU), Fort Wayne, Allen County, Indiana has applied to the Members of the Department of Financial Institutions for approval of their proposed merger of Peoples & Employees Federal Credit Union, Fort Wayne, Allen County, Indiana into Pinnacle Credit Union.

This is a voluntary merger being entered into by both credit unions' Boards of Directors. Mr. Powell explained to the Members that this merger will allow the surviving credit union to provide more complete and sophisticated services to its membership. Both of these credit unions are currently profitable. Their ability to remain profitable in the future could be problematic given their size. This merger will provide opportunities to take advantage of economies of scale that should provide increased profitability.

Mr. Powell pointed out that the capital of the surviving credit union (PCU) would increase slightly to 9.67% after the merger.

A motion for approval of the application was made by Mr. Schroeder seconded by Director Ripley. The application was unanimously approved.

F. DIRECTOR'S COMMENTS AND REQUESTS:

- 1.** Ms. Gina R. Williams presented projections for FYE June 30, 2009 and the proposed fee schedules for the Members' approval. Projections for FYE June 30, 2008 reflect a net deficit of \$166,000 based on revenue of \$8,034,000 and expenses of \$8,200,000.

Projections for FYE June 30, 2009 without any changes to the fee schedules reflect a net deficit of approximately \$495,000 based on projected revenue of \$8,087,000 and expenses of \$8,600,000. Projections for FY 2009 based on the proposed fee increases would increase revenue by \$520,000 and result in a small net surplus of \$26,000.

A detailed list of all of the proposed fee increases and projected revenue and expenses was provided in the Members' packet. Ms. Williams informed the Members the department's fees would still compare favorably with the federal regulators and surrounding states with the increase

After a brief discussion, Mr. Sweeney made a motion to approve the fee schedules and the motion was seconded by Mr. Davis. The fee schedules were unanimously approved.

G. ACTIONS BY DELEGATED AUTHORITY:

1. The Fountain Trust Company, Covington, Fountain County, Indiana

The bank has applied to the Department for approval to establish a branch office to be located at 214 East Second Street, Veedersburg, Indiana. The branch is to be known as The Fountain Trust Company. **This request was approved by the Director on April 8, 2008, under delegated authority.**

2. State Bank of Burnettsville, Burnettsville, White County, Indiana

The bank has requested permission to hold a parcel of property in excess of three years for future expansion as prescribed in IC 28-1-11-5. The parcel is located at 107 West Street, Burnettsville, Indiana. It is recommended the bank be granted an extension to hold Real Estate until June 30, 2009. Should the bank not be able to utilize the Real Estate within this time frame, another request to the Director pursuant to IC 28-1-11-5 will be required. **This request was approved by the Director on April 8, 2008, under delegated authority subject to the above condition.**

3. Lafayette Community Bank, Lafayette, Tippecanoe County, Indiana

Lafayette Community Bank has requested approval of the Director for permission to add a new director to the bank's board of directors. Lafayette Community Bank has requested adding Mr. Daniel A. Teder as director of the bank. Based on a review of all the information submitted on Mr. Teder, the Director approved the banks request on April 8, 2008, under delegated authority.

4. First Robinson Savings Bank, National Association, Robinson, Crawford County, Illinois

An application for issuance of a certificate of admission was received from First Robinson Savings Bank, National Association, Robinson, Crawford County, Illinois ("First Robinson"). First Robinson filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-2-18 and IC 28-1-22. The bank intends to conduct banking

activity through a branch in Vincennes Indiana. First Robinson is a nationally chartered bank. Thomas Casey, 17 South School Street, Brownsburg, Hendricks County, Indiana has been appointed as resident agent for service of legal process by First Robinson. **A Certificate of Admission was approved by the Director on April 22, 2008, under delegated authority.**

5. **First Kentucky Trust Company, Louisville, Jefferson County, Kentucky**

An application for issuance of a certificate of admission was received from First Kentucky Trust Company, Louisville, Jefferson County, Kentucky ("First Kentucky"). First Kentucky filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-1-22. The bank intends to perform fiduciary and investment services related to trusts and estate administration in Indiana through its offices in Kentucky. First Kentucky will not have a physical location in Indiana. Douglas P. Neal, 203 Plum Lake Court, Sellersburg, Clark County, Indiana has been appointed as resident agent for service of legal process by First Kentucky. **A Certificate of Admission was approved by the Director on April 22, 2008, under delegated authority.**

6. **Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Basic Communications – Niles, MI – 5 members (common bond of occupation as defined by 28-7-1-10)

Legends Sports Bar and Grill, LLC – Ewandsburg, MI – 26 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on April 28, 2008, under delegated authority.**

7. **Forum Credit Union, Indianapolis, Marion County, Indiana**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

ProWellness Chiropractic – Fishers – 5 members (common bond of occupation as defined by 28-7-1-10)

Hightower Graphics – Indianapolis – 10 members (common bond of occupation as defined by 28-7-1-10)

CEDIA – Indianapolis – 32 members (common bond of occupation as defined by 28-7-1-10)

Indy Go – Indianapolis – 480 members (common bond of occupation as defined by 28-7-1-10)

Aerotek – Indianapolis – 250 members (common bond of occupation as defined by 28-7-1-10)

Talent Tree – Indianapolis – 35 members (common bond of occupation as defined by 28-7-1-10)

Indianapolis Senior Center, Inc. – Indianapolis – 14 members (common bond of occupation as defined by 28-7-1-10)

The Telliss Companies, LLC – Fishers – 5 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on April 30, 2008, under delegated authority.**

8. **Farragut Financial Corporation d/b/a EzAutoloan** is requesting a consumer loan license. Applicant is based in Houston, Texas. They will be refinancing customer automobile loans. They will be servicing their loans. **This request was approved by the Director on April 25, 2008, under delegated authority.**
9. **GenEquity Mortgage, Inc.** is requesting a consumer loan license. Applicant is based in Irving, Texas. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. **This request was approved by the Director on April 25, 2008, under delegated authority.**
10. **Hallmark Home Mortgage, LLC** is requesting a consumer loan license. Applicant is based in Ft. Wayne, Indiana. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. **This request was approved by the Director on April 25, 2008, under delegated authority.**
11. **Pertuity Consumer Finance, LLC** is requesting a consumer loan license. Applicant is based in Pittsburg, Pennsylvania. They will be making unsecured installment loans. They will be servicing their loans. Loans will be made using internet solicitations. **This request was approved by the Director on April 25, 2008, under delegated authority.**
12. **Royal United Mortgage, LLC** is requesting a consumer loan license. Applicant is based in Indianapolis, Indiana. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies. **This request was approved by the Director on April 25, 2008, under delegated authority.**
13. **TMG Financial Services, Inc.** is requesting a consumer loan license. Applicant is based in Des Moines, Iowa. They will be making open-end, revolving lines of credit marketed to credit union fields of membership. They will be servicing their loans. **This request was approved by the Director on April 25, 2008, under delegated authority.**
14. **Burkun, LLC d/b/a Centro De Dinero** is requesting a check casher license. Applicant is based in Ft. Wayne, Indiana. They will be cashing all types of checks except personal checks. **This request was approved by the Director on April 25, 2008, under delegated authority.**

15. **Trinity International, Inc.** is requesting a check casher license. Applicant is based in Ft. Wayne, Indiana. They will be cashing all types of checks except personal checks. **This request was approved by the Director on April 25, 2008, under delegated authority.**
16. **Family Financial Education Foundation, Inc.** is requesting a budget service company license. Applicant is based in Evanston, Wyoming. Business will use internet, cable TV, radio and yellow pages to solicit business. **This request was approved by the Director on April 25, 2008, under delegated authority.**
17. **Money Management International, Inc.** is requesting a budget service company license. Applicant is based in Houston, Texas. **This request was approved by the Director on April 25, 2008, under delegated authority.**

CERTIFICATION:

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the public place.

Other Business. Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Mr. Goetz moved for adjournment and Director Ripley seconded the motion, thereby passing unanimously.

APPROVED:

ATTEST:

Richard J. Rice, Chairman

John J. Schroeder, Secretary